

Historical and Cultural Constraints on Development in the Mekong Region

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Economic development is a primary policy goal for the governments of all states in the Mekong region. Yet not all promote development equally effectively. In part this is due to differences in the structure of Mekong state economies, in the resources they can exploit, and in the stages of development in which they find themselves. In part, however, differences in development are due to differences in the provision of institutional support systems, including adequate legal codes and regulations, or to shortages of trained personnel, both of which may limit foreign or domestic investment. Such matters can be addressed by government policy, but not all governments are equally willing to undertake reform measures.

The rate and direction of development in any country depend on far more than political and economic decision-making, however. They depend also on how a developing society is structured, on the relations between different social groups, on the form of political institutions and how power is exercised, on the system of justice, and on the kinds of freedoms enjoyed by citizens – to name but a few factors. These in turn are deeply influenced by the twin foundations of history and culture. How history and culture influence development in the Mekong region is the topic of this paper.

The philosopher Friedrich Nietzsche railed against the burden of history, from which he wanted to free people to undertake their own transformation. But he must have known that this was impossible. No-one can escape the history of their own society, or the culture in which they were raised. But culture is not something fixed; every contemporary culture continues to evolve. Being aware of how history and culture have shaped beliefs and institutions, and of the cultural assumptions we take for granted, permits us not to escape history, but to plan and direct it in ways that will be beneficial.

First let me define what I take to be the limits of my topic. As far as history is concerned, the contemporary period since 1975, that most momentous year for the ruling regimes of all three countries of the former Indochina – Cambodia, Laos and Vietnam – has had the most immediate impact on development. But history did not begin in 1975 for any of them, despite the Khmer Rouge proclamation of Year Zero. Indeed, it will be one of my arguments that the cultural differences that characterise different peoples and nation-states have deep historical roots.

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Culture is a very broad and problematic term, which anthropologists have a great deal of difficulty defining. I shall focus on one aspect in particular – political culture – but as with history, it is impossible to limit discussion of culture to this narrower field. For political culture can only be understood in the context of the prevailing worldview in terms of which the legitimization and articulation of political power is understood.

The Burden of History

The colonial period in Indochina was but a brief interlude in the histories of all three countries of Indochina.¹ In Laos and northern Vietnam it lasted only 60 years; in Cambodia and southern Vietnam around twice as long. Yet its impact was considerable, both in terms of changes wrought and opportunities lost. Agriculture was commercialised through a new taxation system; while industry was impeded by the monopolies accorded to French capital. A basic infrastructure of ports, roads and railways was financed by local taxation and constructed by *corvée* labour. The development of human resources was mainly limited to a Francophone, and largely Francophile elite.

The most pernicious impact of French colonialism came, however, not from the distortions of colonial policy, but from the manner in which France surrendered power. The comparison with Burma is instructive: the British left in 1946 after good-natured negotiations and without bloodshed.² In Indochina France precipitated a war that dragged on for eight years, marked by deceit and destruction. In 1954 the young socialist deputy François Mitterand pointed out that France had officially promised Vietnam independence sixteen times, and not yet delivered.

Independent Cambodia and Laos embarked on ambitious nation-building programs with insufficient resources. Foreign, principally American, aid was directed more towards military goals than towards balanced economic development. In divided Vietnam, the bulk of aid from the Soviet Union to the north and the US to the south was similarly used for military purposes.

The Second Indochina War left a terrible legacy, not just in the form of blighted lives and physical destruction, of unexploded ordnance and Agent Orange, but of lost opportunities and failed development programs. Veteran Vietnamese prime minister Pham Van Dong, on his first visit to Singapore, commented that Singapore's prosperity was due to the war in Vietnam. He was not entirely wrong. The level of American economic aid and flow-on effects of procurement did give Thailand and Singapore head starts in the development stakes over the countries of Indochina prior to 1975.

The revolutions of 1975 that brought the Second Indochina War to a close took place in the continued context of the Cold War. The Khmer Rouge revolution was the most radical and uncompromising, the Lao the most peaceful, while the Vietnamese amounted to a belated extension of the revolution of 1954 from north to south. But all three had as their immediate political goal the imposition of socialism, in one form or another. And all three had the effect of tying each country to a single powerful international patron – Vietnam and Laos to the Soviet Union, and Cambodia to China – with all the limitations

this entailed for sources of development aid. The Khmer Rouge aimed at first to be self sufficient, but after 1979 Cambodia too came to depend on Soviet aid, via Vietnam. In the end, the total burden was more than Moscow was prepared to bear.

A second serious outcome of all three revolutions was the loss of human resources. Laos lost as much as 90% of its educated class (who were either incarcerated in remote re-education camps, or fled as refugees). So did Cambodia, a large proportion of whose educated elite was murdered. Vietnam was better off because it could bring cadres from the north to administer the south, but it too lost or wasted too many human resources. To understand just how serious this loss was in development terms, one has only to recall how relatively quickly both Japan and Germany recovered from the devastation of defeat in the Second World War. This was possible because both could call upon their human resources to rebuild. Laos and Cambodia had to build an educated class almost from scratch, and in both countries it still remains pitifully small. Capacity building in the area of human resources is a continuing urgent priority.

Revolution also had its positive side, particularly the goal of creating fairer, more just societies offering improved living standards. This is a legacy worth guarding, but its necessary prerequisite, as Marx well understood, is economic development. Revolution failed to bring expected economic benefits. The first ten years in power for the Lao People's Democratic Republic was a lost decade in terms of development, as the economy went backwards. Policy was inept, targets were unmet, cooperatives collapsed – but only after causing production chaos. Similar failures occurred in the first ten years of the unified Socialist Republic of Vietnam, exacerbated by the costs of war and reconstruction in Cambodia, which was agonizingly slow in the face of continuing insecurity.

The third factor that has slowed development since 1975 was the Third Indochina war that grew out of antagonism between the Khmer Rouge regime and Vietnam, and between Vietnam and China – not to mention the continuing antagonism of the West and ASEAN six, and their support for anti-regime insurgencies operating out of Thailand. This continuing conflict had the pernicious effect of diverting a disproportionate amount of economic resources to the military, and so of slowing development still further. Once again Cambodia suffered most, though Vietnam had to bear the added cost of stationing forces in both Cambodia and Laos.

By the mid-1980s economic considerations forced the realisation that some kind of political solution to the 'Cambodian problem' was essential. The costs of Cambodia to Vietnam, and of all three countries to the Soviet Union, were just too great. In both Vietnam and Laos the decision was taken to move towards a more open, free-market economy, allow foreign investment, and patch up relations with ASEAN, China and the West. It took time to overcome deep suspicions on both sides, but eventually a political solution for Cambodia was hammered out, with the participation of the UN. This produced almost immediate results in Laos and Vietnam, which enjoyed governmental continuity. Cambodia underwent yet another change of political institutions, but benefited from greatly increased non-governmental aid.

The 1990s were a period of increased economic growth, at least until the Asian economic crisis towards the end of the decade. Economic reform encouraged foreign investment to flow in and development to pick up. It was a time of renewed economic hope in the face of a rearguard ideological struggle, especially in Vietnam. Initial enthusiasm was tempered by the Asian economic crisis of the late 1990s, but returned with the new millennium. Over this period, sources of economic assistance became more diversified, and more generous, though whether this will last is another question. For donor fatigue remains a real threat. The inclusion of all three states in ASEAN marked a new beginning in regional relations. The challenge now is to move from inclusion to integration if the full benefits of membership in a larger economic community are to be realised.

In the new millennium, economic planners have become more realistic than they were. Perhaps planners are more aware of how the burden of the past weighs on the present, and how difficult is it to modify deeply entrenched attitudes. Yet the political challenge remains: to identify where the legacy of history constrains the economic potential of the nation, and to remove those constraints.

The burden of the past is much more pervasive than this brief historical overview would indicate. I have included it primarily to remind us of extraordinary difficulties all three countries have had to overcome, and how far they have come. The presence of the past is felt in every aspect of life, however, and especially in matters of culture, to which we now turn.

Political Culture in Theravada Buddhist Countries

The term 'culture' has many meanings. Material culture is produced by behaviour that is itself cultural. But what people do or make depends ultimately on how they think. Thus for anthropologists culture consists of what people hold in their heads, how they think about the world, and society, and themselves. The core set of shared beliefs constitutes the view members of a society have of the world, a view largely taken for granted because it is what everyone has been brought up to believe and accept.

Within mainland Southeast Asia a significant cultural divide runs between Vietnam on the one hand, and the four Theravada Buddhist countries on the other. Buddhism forms a bridge, but the political culture of Vietnam owes far more to Confucian China than to distant India. Besides, the Mahayana Buddhism of Vietnam had little effect on the political culture and institutions of the governing elite, compared with the influence Theravada Buddhism has in Cambodia, Laos, Thailand and Burma.

For the majority of people in the Theravada countries of Southeast Asia, Buddhism shapes their worldview. The key elements include the notions of karma and rebirth, which are assumed in the same unquestioning way as Christians and Muslims assume the existence of heaven. Karma acts as a natural moral law, which none can escape: one's deeds will inevitably be rewarded or punished, whether in this lifetime, or the next, or the next. There is no escape from this cosmic justice, any more than there is for believing

Christians or Muslims from the last judgment. This is one reason why there is a general lack of enthusiasm in Cambodia for the trial of Khmer Rouge leaders, for Cambodians have no doubt that they will inevitably suffer their just deserts in future lives.

Belief in karma has important social and political implications. If rebirth is in accordance with karma, then social position has been earned in previous existences. In other words, the rich and powerful have a moral right to their wealth and power, and to use it for their personal benefit. Of course, how they use them will have its own karmic repercussions, but that is their problem. So karma both legitimizes and underpins social hierarchy. Traditionally Theravada countries were ruled by kings, who stood at the apex of this hierarchy, but the legitimizing force of karma extends to all those in positions of social power, for they can only be in those positions by virtue of their karma. King Father Sihanouk owed his status and political influence to just this belief in karma (plus the status associated with hereditary kingship), and even the elected rulers of Cambodia today benefit to some extent from such beliefs.

Another social effect of karma is to undermine the notion of equality. For Buddhists, people are not born equal. In popular belief, women are not equal to men in terms of karma, though they have an equal chance of being reborn male. These beliefs do not preclude notions of gender equality or the equal rights of citizens, but they do make it more difficult for them to become universally applied in practice.³

The political effect of karma is the acceptance of social hierarchy. This is reinforced by two other components of Theravada Buddhist political culture – the value accorded to social order, and acceptance of patronage as the primary means by which to concentrate and exert political power. Let me expand briefly on both of these.

Social order is prized because of the opportunity it provides for individuals to pursue their own spiritual paths. It provides the conditions for people to produce, give for religious purposes, and make merit.⁴ The ideal of social order overrides individual rights in Theravada Buddhist countries. Ideally human society, the microcosm, should reflect the divine harmony of the macrocosm. This cosmic equivalence was given explicit symbolic representation in the form of the great stupas or ‘temple mountains’ that Buddhist kings constructed as the microcosmic equivalent of the macrocosmic Mt Meru, the axis of the world – the Bayon in Cambodia, the That Luang in Laos, or the Shwedagon in Burma.

Disruption of the social order signals failure on the part of leaders – in traditional Theravada Buddhist societies, the king, who was expected to rule in accordance with Buddhist precepts. The ideal social order was, of course, a just order, but the individual could call upon no abstract rights. The eruption of evil in the form of oppression, war or famine had to be borne stoically until social order could be restored. Even today, those who threaten to disrupt the social order for what are deemed to be their own selfish interests suffer social condemnation.

The traditional political order in Theravada polities was both hierarchical and recursive. The meuang in Laos and srok in Cambodia were political institutions that sat one inside another, like Russian dolls, or boxes within boxes. Meuang/srok consisted at the lowest level of a local centre exercising political power over a surrounding population as small as a few villages. Within the meuang/srok political power rested with a ruling family or more extended clan, from which those appointed to the four top positions of power were drawn. So the internal structure of the meuang/srok was hierarchical: peasants owed loyalty to their lord, who made all decisions on their behalf. The lord of the meuang/srok owed allegiance, however, to the lord of a larger, regional meuang/srok that incorporated several smaller ones. And he in turn owed allegiance to a superior lord, right up to the king. If a lord switched allegiance, as might happen if power balances changed, then constituent meuang/srok and their populations changed allegiance too, though not through any decision of their own.

In this strictly hierarchical, and highly personalized, political order loyalty was the supreme quality. Obligations, but not rights, were reciprocal: protection and assistance when in need in return for labour on the lord's estates and conscription in times of conflict. Lords of lesser meuang/srok paid tribute to lords of larger ones, and brought contingents to fight in their armies. Thus wealth and power was concentrated at the centre, from where it would be disbursed in two ways – as gifts to temples to increase the king's store of merit, and in the form of patronage, including appointment to high office at court, bringing with it both wealth and social prestige.

What is important to note about this system is the extent to which it rested upon patronage and personal relationships. One gained advantage through the favour of someone in a superior position in the social hierarchy, while those in superior positions increased their social power and wealth through expanding the network of those dependent upon them. This is still how power is largely understood to operate – not as a result of a position competitively gained and held in an institution or organization, but in relation to the influence of a powerful patron. The more powerful one's patron, the greater one's own power and prestige.

How power is articulated in Theravada Buddhist societies is understood implicitly by anyone growing up in such a society. Hierarchies of power are apparent in everything from use of language to customs of deference and respect. They function within the family, and within every aspect of society. Socialisation within such a society ensures that everyone understands how power is articulated, and so how to behave in order to pursue one's own interests. Students from Theravada Buddhist countries who spend some years at university abroad encounter a different conception of how power may be exercised. But on return most re-adapt to the prevailing patronage system. This presents a challenge for programs seeking to improve governance through education abroad.

Patronage works through the construction of networks of loyalty and obligation in exchange for some benefit. At the apex of the network stands some powerful figure with below him his immediate family, extended family, principal allies and supporters and their families, and so on in a spreading fan. Any benefit desired by a member of the

network will be sought through personal appeal to someone more highly placed within it, who has access further up the hierarchy, and so on. Any benefit obtained entails a reciprocal obligation, which is usually financial in the form of presents or payments.

For a patron to build a power network, he must have sources of patronage to disburse. Patronage may take many forms, but all depend ultimately on access to either wealth or power. Examples range from intervention to secure a job or win a court case to the bestowal of monetary benefit in the form of access to resources, award of contracts, provision of loans, and so on. One important form of obligation is the provision of political support when this is required (during intra-party power struggles, at elections.) Because the transparent and impartial operation of political or financial processes threatens to eliminate sources of patronage, moves to introduce them tend to be resisted.

Political parties in Theravada Buddhist countries do not override the political culture of patronage and hierarchy: they incorporate it. For example, the structure of the Lao People's Revolutionary Party is hierarchical; so is its mode of operation (democratic centralism). But within the Party power is exercised through patronage networks that centre on key figures, usually members of the Politburo. Positions within the Party apparatus, the government, the judiciary and the bureaucracy are allocated as a result of negotiation between leaders of powerful networks that combine family, region and revolutionary credentials. The power even of top officials, such as ministers or departmental heads, depends not on the office alone, much less on formal statements of responsibilities (job descriptions) or personal qualifications, but rather on where occupants fit within patronage networks, which determines who they can call upon for political support, for instance for promotion, or to back decisions that might conflict with the interests of others.⁵

In Cambodia, the Khmer Rouge regime provided an example of how deep the roots of the political culture of patronage and hierarchy really go. The Khmer Rouge determined to do away entirely with all traditional Cambodian culture. But Angkar, the supreme authority, was a strictly hierarchical power structure, which, though it purported to act on behalf of the people, never consulted them in any way. Within the organisation hierarchy was ensured through absolute discipline and unquestioning loyalty. But that loyalty was highly personalized, focused on the tiny top echelon of the Party, on Angkar Loeu, and ultimately on Pol Pot himself. Proof that the conception of power was conceived in terms of personalized networks comes from the records of Tuol Sleng, which reveal the importance Pol Pot assigned to ferreting out personal networks that might oppose his own. He could not conceive of opposition deriving from any other source (such as, for example, alternative convictions.)

The political culture of patronage and hierarchy has significant effects both for the structure of political parties in Theravada Buddhist countries, and for political stability. Parties do not, even in a democratic system as in Thailand, stand primarily for a set of political principles, or represent the interests of particular social classes.⁶ Rather they are formed by and cohere around powerful and charismatic leaders, who use them to build political patronage networks. Resistance to them builds at the point where a patronage

network begins to threaten other powerful interests. The rise of and mounting opposition to Thai Prime Minister Taksin Shinawatra provides a classic example. So too does party structure in Cambodia, where all three principal parties are similarly organised as patronage networks centred on significant leaders.

Parties organised along personal patronage lines in a democratic system make for a degree of political instability because so much depends on the image of the leader and the potential for patronage he represents. The possibility always exists to co-opt smaller opposition parties by incorporating them into the patronage network. But larger networks are themselves unstable for groups may break away if expectations are dashed. Again Taksin's recent woes provide an example. So does the gradual decline of FUNCINPEC. This is because personalized parties often lack a strong institutional base. No-one doubts that the British Labour Party will survive the departure of Tony Blair from politics, but can we be as sure about Taksin's Thai Rak Thai party?

Political Culture in Vietnam

Vietnamese political culture is very different from the Theravada Buddhist Mekong states; but this very difference provides some enlightening comparisons. Vietnam's cultural borrowing was from China – hardly surprising in that northern Vietnam was a Chinese province for over a thousand years. The political culture of independent Vietnam took from Confucianism its philosophy of government, its conception of social order, and its organisation of society. While the emperor ruled with absolute power, the Confucian mandarin administered the country on behalf of both emperor and people. They owed their positions not to birth (though it helped to be born into a wealthy family) but to their own talent in meeting a set of criteria for selection to public office. From that office they could be removed at any time at the emperor's whim. In other words, they owed their power both to the institution they served, as in any modern bureaucracy, and to imperial absolutism.

Unlike the decentralised power structure of the meuang/srok, power in the Confucian system was centralised and delegated. Mandarins were appointed to administer provinces on behalf of the emperor, preferably not where their families resided in order to reduce the temptations of nepotism and personal concentration of power. Their primary duty was to ensure society functioned peacefully and efficiently, in other words, to maintain social order. The Confucian ideal of social order was similar to that in Theravada Buddhist countries, but rested on different conceptual foundations. It was a reflection not of the macrocosm of the gods, but of the will of an abstract but benign Heaven, whose Mandate legitimised imperial rule, and through the balance of the opposing tendencies or forces of yin and yang.⁷

Like Theravada Buddhist societies, Vietnamese Confucian society was hierarchical. Social order depended on each knowing his or her place in the social hierarchy. But this position was determined not by the karma of previous existences, but rather by a combination of birth and achievement (education and wealth). Society consisted of the two interacting spheres of court and village. Villages were communal and self-governing,

responsible for their own affairs. Each owed its establishment to royal decree, but the writ of central administration extended only to the village boundary. Taxes were centrally determined, but locally collected. This engendered a strong sense of communal identity and solidarity, undiluted by the individuality that is inseparable from the notion of karma.

The imprint of French colonialism penetrated more deeply into the intellectual life of Vietnam than it did in either Cambodia or Laos. Nevertheless it was not Western liberalism but Marxism-Leninism that in the end won greater allegiance from the Vietnamese elite. Not only did it offer more ideologically powerful opposition to colonialism, but its political institutions were more compatible with the ideal Confucian ordering of society that Vietnamese took for granted. The Vietnamese Communist Party comprised a political elite, hierarchically organised and specifically trained for the exercise of power, with a similar strong moral commitment, not to the individual rights of the French Revolution, but to concepts of communal welfare and social order carried over from Confucianism (once revolution had been achieved).

The Confucian legacy in modern Vietnamese Marxist-Leninist political culture assisted in the transition from a socialist centrally-directed economy to a free market economy, for a divide always existed in traditional Vietnamese society between the political elite and the merchant class. Confucian administration left open opportunities for commercial entrepreneurs – indeed its role was to create conditions for agricultural production and trade to flourish by maintaining social order. The VCP today can be understood to have assumed a similar role, in that it claims to be guiding the economic development of the country to the point where the transition to socialism becomes possible.

The institutionalisation of the VCP and the way political decisions are made are less personalised than in the numerically much smaller LPRP. One would expect, therefore, that it would be more bureaucratic and rigid. In fact certain power brokers within the VCP have at various times been able to nurture and protect protégés in the Party, who have introduced significant innovations (for instance, in production processes.) Exercising an unchallengeable monopoly of power, however, opens the VCP, like any other single ruling party, to temptations to expropriate state resources by and for Party members. Party leaders are well aware of the danger this poses for the legitimacy of the Party. Moreover there remains in Vietnamese Marxism-Leninism a sense of moral commitment in administration that harks back to Confucianism; that the Party has the responsibility to govern for the benefit of the people. This expresses itself in what appears to be a greater resolve to govern effectively and to limit corruption to ‘manageable’ levels, in order to maintain public respect and confidence. Several senior Party officials have been convicted of corruption in Vietnam; none have been in Laos.

Constraints on Development in the Mekong Region

The more obvious legacies of history that have constrained development in the Mekong region are gradually being overcome: infrastructure is being constructed, industry established, agriculture encouraged. Others are more difficult to deal with, including the legacies of revolution. These include the continuing need to replace and expand human

resources, both through developing technical and managerial skills, and through creation of an educated, healthy and contented workforce; the continuing costs of socialist policy decisions (such as subsidies to non-performing state-owned enterprises); and the continuing effects of political cultures that limit the competitiveness, flexibility and modernising potential of economies.

Two other legacies of revolution require mention, both more evident in Cambodia than in either Laos or Vietnam. The first of these is the availability of weapons and the propensity to use them to coerce and intimidate. In both Laos and Vietnam the revolutionary movements were united and disciplined. The same can be said of the Khmer Rouge, but opposition to the Vietnamese-installed People's Republic of Kampuchea came from three different armed groups. Even after the UN-supervised settlement and the elections that concluded the Cambodian peace process, arms were still freely available. They are still used in extra-legal ways to coerce and intimidate.

The second additional legacy is harder to pin down, for it is psychological. I am referring to the widespread sense in Cambodia of impending threat, that uncontrollable forces of social disorder may at any time and without warning again disrupt people's lives. Given the tragic events of the last 35 years through which older Cambodians have lived, such fears are understandable. They manifest themselves in what might be called a 'survival mentality' characterised by suspicion of others and anxious concern for personal and family welfare and protection in the face of an uncertain future.

In Laos and Vietnam, by contrast, regimes have now been in power for three decades, and people have become socialised to them. This has both a positive and a negative side, however. In both countries people understand how the ruling party functions, and what is expected of them. But in both the hierarchical structure of the ruling parties and the lack of any recourse to independent institutional protection (in the form of an ombudsman, or an independent legal system) make it risky to challenge authority. Professors and students toe the party line. In the case of public servants, concern not to step out of line, not to draw adverse attention to themselves, manifests as reluctance to make decisions, or to suggest innovations. Referring decisions up the bureaucratic and Party hierarchy makes government sluggish to respond, however, and lack of innovation limits capacity to respond to novel circumstances.

The attitudes and responses of citizens to government reflect prevailing political culture. Their cumulative social and economic impact affects the implementation of policy decisions and directives. Here lies the crucial link between political culture and economic development. Political culture, despite having deep historical roots, is not immutable. It is shaped by the institutions of political power, and new institutions can be introduced, either constitutionally, or through legislation. But legislating change is never sufficient in itself: any new legislation has to be accompanied by the political will to implement it. Countries may pass excellent environmental protection legislation without any protection being offered to the environment. And political will reflects political culture.

Political culture constrains and limits economic development, therefore, in a variety of ways, depending on the particular institutions and circumstances of the country concerned. Each of the Mekong region states is different in this regard. Significant factors include whether the political system is single or multi-party; the degree of overlap between the institutions of the state and the ruling party; how patronage networks function; whether or not the judiciary is independent of the ruling party; and the degree to which economic activity is free of arbitrary ruling party interference.

In single party states there tends to be a confusion of interests between the party and the state. To take the case of Laos, more often than not in the past 15 years the president of the Lao People's Revolutionary Party has also been head of state. Membership of the government is decided by the party and endorsed by the National Assembly.⁸ All legislation is in accordance with party policy. Though there is some discussion of policy in the upper echelons of the Party, and some debate on legislation in the NA, the government functions essentially as the executive arm of the party. Not surprisingly, therefore, government policy takes close account of the interests of the party. In a similar way, the bureaucracy functions as the administrative arm of the party, while the party closely controls all permitted mass organisations, notably the Lao Front for National Construction. So no institution balances the power of another.

In any single-party state, as the party and the state are coextensive, the ruling party could theoretically appropriate the entire resources of the state for the benefit of the party and its members. Alternatively a totally transparent and scrupulously honest party could function as the state, fairly disbursing resources to all citizens according to need. Because of the temptations of power, the reality always lies somewhere between. Just where depends on the intentions and example set by the party leadership. Joining the ruling party provides the only path to political power, and all the benefits party membership offers. Thus joining the LPRP guarantees members access to intra-party patronage networks that provide certain benefits not available to other Lao citizens, including opportunities for appointment to public office and promotion, financial gain, and political power (in the form of the means to begin to create personal patronage networks.)

Parties constructed as hierarchical patronage networks, because they depend for power on access to sources of patronage, require the sequestration of resources from the state. Resources that would otherwise be used for the benefit of all citizens are directed preferentially to favoured recipients. The larger the network, the more resources are required. In cases where a single ruling party takes the form of a hierarchical patronage network, a substantial proportion of the resources of the state are likely to be sequestered by the party. One result is that the state becomes increasingly deprived of revenue to meet not just development expenditure, but even basic services such as health and education. This has been happening in both Laos and Cambodia. Introduction of full cost recovery for such services is not an answer, for it puts them out of the reach of the poor. This not only deprives a substantial proportion of the population of opportunities for personal advancement and improved standards of living, but also exacerbates wealth disparities that threaten political stability. Increasing disparities between urban and rural living

standards, and between ethnic majority and minority groups, are already causing some unrest in Mekong region countries.

Patronage operates within the Vietnamese Communist Party (VCP), but to a much lesser extent than in Laos, and with different effect. While personal connections are important in determining how resources are shared, power is more institutionalised and less dependent on vertical patronage networks than in the LPRP.⁹ What is similar, and this is true for all single-party states, is the capacity the VCP has for control over the resources of the state. Internal party supervision and control procedures limit the extent to which party members take advantage of this, but a substantial amount of state resources still ends up in private hands.

In the case of a multi-party state like Cambodia, competition between parties organized as hierarchical patronage networks inevitably takes the form of competition for control over state resources. The more resources one party can control, the more likely it is to win an electoral contest. The resources sequestered by the party will be used to reward members in much the same way as in a single-party state. In a multi-party state, however, an additional requirement for the party is to competitively extend its patronage network at the expense of other parties, in order to shift the balance of power in its favour. For this more state resources must be appropriated, which will eat even more into the revenues of the state. Because power depends on the capture of state resources by the dominant party's patronage network, resistance to reforms aimed at retaining state resources for the fair and equal benefit of all citizens is likely to be even more sustained than in single-party states. One indication of this is that the Cambodian government has been notably reluctant to introduce effective anti-corruption legislation.

The diversion of state resources into private hands is one definition of corruption, though this can take many additional forms. Corruption varies from the plunder of natural resources (mainly timber and wild life in both Laos and Cambodia), to the granting of concessions (land for plantations, mining leases) and contracts in return for private payments, to diversion or reduction for a consideration of sources of government revenue (in the form of reduction of taxes, customs duties, etc), to payments demanded for services, whether legal (registration of a business) or illegal (provision of forged documents, such as land titles). All of these impact on development because they divert resources that could otherwise be spent on measures to build the economy (infrastructure, communications, etc.), and on services designed to create a critical mass of educated and informed citizens, who could contribute more fully to developing a modern economy.

I will take as examples two broad areas (revenue and finance, and the rule of law) in order to assess their impact on development, pointing out particularly the influence political culture has on reform measures in both areas. And I will sound a note of warning on one current policy response (decentralisation).

Revenue sources available to developing economies are limited by comparison to those of developed economies. It is essential, therefore, to make full use of them. The principal sources of revenue include business, income and other taxes, customs duties and

government fees, payments made under international agreements (such as overflight rights), and licences paid for rights to exploit natural resources. In Cambodia and Laos in particular, revenue collection by the state is insufficient to meet budget expenditure. The difference is made up by grants and concessionary loans provided by foreign donors. In Vietnam, greater efforts have been made to introduce reforms in taxation, revenue collection and public administration.

International financial institutions have been urging both the Lao and Cambodian governments to increase revenue collection, not by increasing rates, but by decreasing losses due to corruption. In both countries, revenue payments of all kinds are seen as opportunities for graft by officials. Reductions in taxes are negotiated in return for payments to obliging finance ministry officials; customs duties are reduced by declaring only a proportion of imports, savings being shared between customs officers and importers. Logging, land and mining concessions require payments to be made (sometimes to overseas bank accounts) in order to be concluded. Business has to pay inflated transaction costs, and payments may be demanded on an ongoing basis.

Another area of corruption is financial, through the banking sector. The commonest form is provision of loans through state controlled banks, which will never realistically be repaid. Loans may be to well-connected individuals, to state-owned enterprises, or to enterprises run by the military. As non-performing loans mount up, banks have reduced capacity to lend for economically viable business ventures – to the point eventually that they require re-capitalisation. The cost, of course, has eventually to be met from government revenue, and so is a continuing burden on the budget.

Reduction of revenue to government, by whatever form of corruption, has the adverse effect of curtailing government programs across the board. The effect is immediately felt in the areas of education and health, in agricultural services, and in infrastructure maintenance, all of which have a flow-on effect on the economy, in the form of reduced human resources, lower productivity, increased transport costs, unofficial ‘taxes’ levied at checkpoints, and so on.

But corruption has more insidious effects. To begin with there is the risk of donor anger and fatigue when substantial funds are siphoned off through corrupt practices. This may lead to reduced funding, to the withholding of aid unless reforms are initiated, or to demands for oversight of expenditure. Reduction in aid would impact on development, while there are fears that greater oversight would undermine national independence. To undertake reform would thus appear to be the most rational response. One thing that delays this and undermines the effectiveness of measures that are introduced is the political culture of patronage networks.

Opportunities for corruption vary with position in the hierarchy of such networks. It is possible to regard small-scale corruption as a way of topping up inadequate salaries, but where corruption becomes ubiquitous and accepted it not only undermines the moral fibre of society, but also actually disadvantages the competitiveness of the economy. For example, where entry into preferred schools and results of examinations are obtained

through payment of bribes to teachers, better students are disadvantaged.¹⁰ The state thus fails to make use of the full potential of its own citizens. The same applies when appointment to public office is either bought or made on the basis of political or family connections instead of open competition.

High-level corruption not only has the adverse effect of providing a poor example for party members and civil servants, it also results in excessive consumption in place of investment. In the worst case, the movement of funds offshore into private accounts deprives the country of any positive effect, even that provided by consumption.¹¹ The importance of leadership on the part of those with the capacity to appreciate the larger national interest is thus vital.

The institution best capable of restraining the excesses of patronage politics is the legal system. All governments of Mekong region states have stated their commitment to the rule of law. All recognise the rule of law as essential to maintain social order and political legitimacy. What is not so readily recognised is the importance of assuring the independence and integrity of the judiciary. In democratic societies, the constitutionally guaranteed independence of the judiciary constrains the power of executive government, for no member of government is immune from the law. In single party states independence of the judiciary is compromised, both because immediately following the revolutionary seizure of power the ruling party in effect was the law (through its control over people's courts), and because of the continuing overlap of high offices of the party, the state and the judiciary. For example, in Laos Khamtai Siphandon was both state and party president. In his former capacity he was responsible for nominating both the President of the People's Supreme Court and the Supreme Public Prosecutor for ratification by the National Assembly.¹² But because of his presidency of the party, the nominations could not help but be perceived as those of the party.

In single-party states, or in multi-party states where one party has sole control over the security apparatus of the state (as in Cambodia), the ruling party is reluctant to accept the judiciary as constraining its monopoly of power, and it is common for the party to interfere in judicial proceedings. Interference is usual where a judicial case has political implications, but it is common too in civil cases, especially where power is exercised through patronage networks. For the judicial system is another arena for patronage. Court cases in both Laos and Cambodia, for example over land disputes, are consistently determined not on the basis of principles of justice, but on which side can call upon the most influential political connections. All depends, as the Lao say, on "who has the strongest string". The magistrate rules on the basis of whose string is strongest, as his own future may depend upon it.

Failure to establish an independent judiciary has an adverse effect on economic development in several ways. Foreign companies already worried over lack of transparency in gaining commercial rights or concessions (which might put them at a disadvantage with respect to competitors), are reluctant to invest where there is no recourse to an independent judiciary in the event of litigation. Domestic investment is also affected as lack of an independent judiciary provides the only means of minimising

corruption. In both cases continuing demands for ‘donations’ to ruling party coffers cut into profit margins that because of cost structures are already only marginally competitive.¹³

Donor countries and international lending institutions can legitimately exercise political influence to ensure that aid is properly used. They can express concern over human rights abuses. But civil judicial procedures are an internal matter for states, and foreign pressure can easily be ignored. NGOs, the media, civil society associations, and public opinion have potentially more influence, but all are constrained within a one-party state.¹⁴ Judicial independence can only come about, therefore, through a decision of the ruling party. This is more likely in a bureaucratic than in a patronage network political culture, because for the ruling party the courts are less valuable as an arena for patronage. Ironically such value is likely to increase as other avenues for patronage are closed off. It seems likely, therefore, that ruling parties in Laos and Cambodia will continue to be reluctant to establish genuinely independent judiciaries – unless and until the prevailing political culture changes.

Prospects are more hopeful in Vietnam, where power is less personalised. Already there is greater recognition within the ruling party of the need to curb corruption, perhaps because foreign direct investment is at much higher levels than in Laos or Cambodia, and investors need to be reassured. Moreover the bureaucratic traditions of the VCP make it more likely that a decision to create a genuinely independent judiciary would be carried through. The crucial factor in all cases is the extent to which the legal system is seen as contributing to the power of the party.

Finally let me turn briefly to one current policy response to the problem of how to reduce poverty, improve services and build human resources in rural areas – decentralisation. There are good economic reasons to pursue poverty reduction that have to do with the longer term impact on the economy of having a more informed and skilled workforce, encouraging small scale entrepreneurship, and increasing consumption – not to mention the political benefits of greater social cohesion and government legitimacy. Theoretically to shift decision making closer to the commune or village level would enable people better to take charge of their own affairs, improve transparency in service provision, and encourage grassroots democracy. In practice, however, this not only demands a level of education and skills in organisation and financial management that is often simply lacking, but the shift of power that accompanies decentralisation also offers temptations that are not easily resisted. It is one thing for decentralisation to be applied with the helpful support and assistance of a sympathetic NGO: it is quite another to be left without that guidance and have to negotiate relations with the power apparatus of the state and its ruling party.

The experience of Laos when decentralisation was first applied in the late 1980s in conjunction with the economic reform program known as the New Economic Mechanism is instructive here. This decentralisation was not to the village, but to the province level. The result could have been predicted. Regionalism has always been strong in Laos between the north, the centre and the south. Province party chiefs (now governors)

always enjoyed a degree of autonomy from the central government in Viang Chan that they jealously guarded. Decentralisation greatly enhanced that power by placing new sources of revenue in their hands (external trade, tax collection, even appointment of managers of provincial branches of banks). Responsibility for service provision, and payment of staff of central government ministries such as education and health, was also transferred to the provinces. The result was that many teachers and health workers in more remote villages went unpaid for months as province chiefs used the resources under their control to expand their own political patronage networks. Within a few years recentralisation became necessary to reinforce the authority of the central organs of the party.¹⁵

Electing village heads and village councils is preferable to having heads appointed by the ruling party, with no elected council (as in Laos). Already, however, in Cambodia councils with a majority of FUNCINPEC and SRP members have encountered difficulties in working with the ruling CPP. Where CPP dominated councils are elected the pervasive nature of Cambodian political culture ensures that they will become part of an already extensive patronage network. The more resources are transferred to local councils, the more likely it is that they will be used not for the equal benefit of all villagers, but to reinforce the power of village heads in accordance with the politics of patronage.

In Vietnam the outlook is more encouraging, because of the long tradition of village autonomy, solidarity and self-government. The Grassroots Democracy Decree indicates the intention of the VCP to make its role at the commune level more accountable and transparent; that is, to take more account of commune members' views in planning and budgeting for grassroots projects and services. This is not yet democracy at the local level, but it is moving in that direction. Implementation has been slow, partly because cadres are reluctant to relinquish any of their power, but the tradition of communal involvement in village affairs helps the process along. If it is successful in Vietnam, this may serve as a model for other Mekong region states.

Conclusion

What I have tried to argue in this paper is that history and political culture both influence the extent to which political elites in different countries in the Mekong region are prepared to commit to reforms designed to promote further economic development. The impact of a history of war and revolution in retarding development is well understood, especially by comparison with those countries lucky enough to have escaped such turmoil. What is less appreciated is how less tangible burdens of the past are passed from one generation to the next through processes of acculturation and socialisation. I am referring here not to the unique cultural heritage of different peoples, but only to certain components that may handicap a nation-state in the face of international competition. These can be identified and acted upon, for culture is not unchangeable: it constantly evolves to take account of new ways of doing things, new technologies, and new patterns of consumption. Even core beliefs are not immutable; even if they are slow to change.

The first stage in removing constraints is to understand why they are there and what they do.

The component of culture that I have singled out is the shared set of beliefs about how social power is best concentrated and applied. These beliefs are more likely to endure where they are not contested; that is, where power is monopolised by a single party, whose members benefit from the prevailing power structure. This is the case in both Laos and Vietnam, though the LPRP and the VCP draw on very different political traditions and cultures. In the case of Cambodia, a multi-party system was imposed by international agreement: it did not evolve through free and open debate within the Cambodian body politic. A single party was prevailed upon to make room for other parties that it perceived as threatening its hold on power. Politics became not an arena for debate between parties championing alternative policies for the benefit of the Cambodian people as a whole, but rather a struggle to concentrate power so as to lock out opposition parties. And the means of doing this was through building hierarchical patronage networks centred on significant leaders.

The view of power, its purpose and application, inherent in patronage politics, whether monopolised by a single or a dominant party, is that its first purpose should be to preserve and maintain the party itself, and to reward its members who contribute to this end. There is thus an inherent conflict of interests between the ruling party and the national good. Programs and policies argued for on the grounds of their greater benefit for the nation state, which at the same time threaten the structures by which the power monopoly of the party is sustained, will be likely to be resisted. Where civil society is weak (Vietnam) or non-existent (Laos) no forum for debate exists which might sway the thinking of party leaders. All debate takes place within the party itself, among members who agree that their interests are primarily served by preserving the party. What this means is that alternative institutions that might answer more effectively to the competitive pressures of a global environment may never seriously be considered – especially if they are seen as threats to the party, rather than opportunities for the nation as a whole.

One implication is that political thinking tends to be reactive, rather than proactive; in response to pressures from outside organisations and institutions, rather than derived from the genius of free citizens of the nation-state seeking ways to be more competitive in pursuing their economic interests. In Cambodia, for example, pressures for political change come almost entirely from NGOs (including their Cambodian employees), foreign governments, and international institutions. The role of the party, by contrast, tends to be to resist pressures that might undermine the basis of its power.

I have taken as examples two policy areas affected by the way a ruling party concentrates and uses power, especially a party whose power is built on patronage networks. These are the areas of state finance and law. And I have indicated how political culture might influence decision making in these two areas. Of course other factors are also important in concentrating and retaining power, most notably the state apparatus of coercion (the police and the military), which are always a primary target for inclusion in the patronage

networks of the ruling party. Intimidation is a powerful means of control, but it too inevitably limits innovation and entrepreneurial talent, and so handicaps the competitiveness of an economy. Moreover a larger-than-necessary military establishment is a heavy cost to any nation-state, especially if it is allowed freely to exploit significant national resources that would otherwise have provided revenue for the state.

Loss of state revenues and failure to establish an independent legal framework both impact adversely on economic development. Loss of state revenue reduces the opportunities of the state to direct development in ways that are beneficial to the economy as a whole, such as investment in infrastructure or poverty alleviation to increase personal opportunities and improve living standards. Failure to establish the rule of law both limits free competition (for example, in the awarding of contracts) and reduces foreign investment. Singapore provides as example of how a state poor in resources can benefit from transparent commercial law and procedures backed by a culture opposed to corruption.

I took the example of decentralisation in order to illustrate how important it is to take account, when formulating policy, of how political culture is likely to impact upon desired policy outcomes. Participation in local government presupposes not just the necessary skills and appropriate attitudes and commitments, but also a set of checks and balances that prevent either a return to domination by the ruling party or local abuses of power.

Historical legacies and political culture are just two factors to take into account in trying to understand what influences the pace of economic development in the Mekong region. The success of all three countries in overcoming the burden of their respective and intertwined histories has been striking. This paper has attempted to explain why at a certain point, ruling political parties seem reluctant to enact further reforms. Political culture need not stand in the way of the development that all three countries seek, however. Thailand provides an example of a Theravada Buddhist country whose political institutions have been relatively successful in encouraging economic development. And there is nothing to prevent other Mekong region states following suite. Just to understand where a problem lies is already to have moved some way towards overcoming it.

Endnotes

¹ A substantial literature exists on the histories of Vietnam, Cambodia and Laos, and an even larger one on the First and Second Indochina wars. Useful background texts are Stanley Karnow, *Vietnam: A History* (Harmondsworth: Penguin Books, 1984); David P. Chandler, *A History of Cambodia*, 2nd ed. (Boulder: Westview Press, 1993); and Martin Stuart-Fox, *A History of Laos* (Cambridge: Cambridge University Press, 1997)

² Antagonism between ethnic groups that had been exacerbated by British colonial policies was left for the Burmese to sort out. Burmese inability to do this is in large part responsible for the parlous state of Myanmar today.

³ By contrast with Mahayana Buddhism, a fully ordained order of nuns (*bhikkhunis*) died out in Theravada Buddhism at least a thousand years ago. Its resuscitation might go some way to restoring equal gender status in Theravada societies.

⁴ The ideal model of a polity ruled in accordance with Buddhist principles remains the empire of the third century BCE Indian king Ashoka.

⁵ I have discussed the Lao case more fully in Martin Stuart-Fox, "Politics and Reform in the Lao People's Democratic Republic", Murdoch University Asia Research Centre, Working Paper No. 126, Nov. 2005.

⁶ This is not to say that political parties in Thailand do not have clear ideological positions, or are without a strong organizational basis; for example, the conservative Thai Nation Party and the liberal Democratic Party, respectively.

⁷ An interesting argument for the alternation of yin and yang forces throughout Vietnamese history can be found in Neil L. Jamieson, *Understanding Vietnam* (Berkeley: University of California Press, 1993).

⁸ Officially the prime minister submits names of ministers to the National Assembly, which appoints the government. In fact, as the prime minister is always a member of the Political Bureau of the party, it is the party that names the government.

⁹ "A defining characteristic of the political system in Vietnam is the way in which policies and decisions are arrived at through a complex process of vertical and horizontal consensus building. There is an important interplay between the vertical lines of authority, and the strong horizontal mechanisms of policy guidance, instruction and accountability..." E. Shanks, et al, *Understanding pro-poor political change: the policy process. Vietnam*. London: Overseas Development Institute, April 2004, p. ix. In other words, in Vietnam procedures, even if informal, temper top-down decision making in a way that undercuts patronage, a development much less in evidence in Laos.

¹⁰ Corruption in education systems is endemic and provides a very poor example for children, a point made in the *Cambodian Corruption Assessment* prepared for USAID, May-June 2004. Party officials make sure their children attend the best schools in Laos. Higher degree students in Vietnam must pay thesis examiners to award their hard-earned degrees.

¹¹ This is more common in Cambodia than Laos or Vietnam, though one Lao minister of finance did manage to transfer funds offshore and then flee the country and claim asylum abroad.

¹² Article 53 of the 2003 Amended Constitution. Under Article 67, the state president directly appoints, and may remove, the vice-president of the Supreme People's Court.

¹³ This is true for the garment industries in both Laos and Cambodia, more especially the latter in relation to accession to the WTO. Moreover in Cambodia the industry accounts for a far larger percentage of exports than for Laos, where mining and hydropower are important export earners.

¹⁴ NGOs are particularly numerous and active in Cambodia, but have been unable to prevent control of the magistracy by the Cambodian People's Party. Only this year the combined NGOs called for fundamental reform of the Supreme Council of the Magistracy. *NGO Statement to the 2006 Consultative Group Meeting on Cambodia*, Phnom Penh, 2-3 March, 2006, p. 9. As for the media, reporting of corruption is relatively frequent in the Vietnamese language press, whereas in Cambodia and Laos it is virtually confined to the foreign language press. Investigation of particular cases and naming of names do not occur. In all three countries, civil society is 'underdeveloped', to say the least.

¹⁵ I have discussed centre-province relations in Martin Stuart-Fox, *Politics and Reform in the Lao People's Democratic Republic*, Murdoch University, Asia Research Centre, Working Paper, No 126, Nov. 2005. See also Patrick Keuleers and Langsy Sibounheuang, "Central-Local Relations in the Lao People's Democratic Republic: Historic Overview, Current Situation and Trends" in Mark Turner, ed. *Central-Local Relations in Asia-Pacific: Convergence or Divergence?* London: Macmillan, 1999, p. 204. For an analysis of the likely outcome of a new round of decentralization, see United Nations Development Program, *National Human Development Report Lao PDR 2001: Advancing Rural Development*. Vientiane: UNDP, 2001, chapter 7.